

March 12, 2015

Senate Energy and Technology Committee
Senator Mike Nofs, Chair
Michigan State Senate
PO Box 30036
Lansing, MI 48909

House Energy Policy Committee
Representative Aric Nesbitt, Chair
Michigan House of Representatives
PO Box 30014
Lansing, MI 48909

Dear Senator Nofs, Representative Nesbitt, and Members of the Michigan Senate Energy and Technology Committee and Michigan House Energy Policy Committee:

We, the undersigned employers and trade associations - representing thousands of jobs within this state - strongly oppose any effort to eliminate Michigan's successful and cost-effective Energy Optimization (EO) standard. Since its creation in the 2008 energy law, Michigan's EO standard has helped tens of thousands of Michigan businesses reduce energy costs and improve their overall competitiveness, lowered energy rates by reducing the need for costly new generation, and saved ratepayers \$2.5 billion since 2011.

The American Council for an Energy Efficient Economy (ACEEE) has found that having a specific energy efficiency standard is far more effective than other mechanisms (such as integrated resource planning or utility rate design) in actually reducing energy consumption and lowering energy bills. Specifically, ACEEE notes that "[i]n a time when some state policymakers are becoming skittish about the concept of 'mandates,' it is worth noting that the use of an [energy efficiency resource standard] to set targets for cost-effective efficiency has been by far the most effective policy for achieving customer energy efficiency savings."

The cost of eliminating the current EO standard is estimated at *\$8 billion* in lost economic activity over the next ten years, and that doesn't include lost energy savings for businesses and homeowners. In addition, Michigan's energy efficiency programs provide a range of benefits to the state, including:

- **Solid return on investment.** Michigan's energy efficiency programs create \$21 in economic activity for every \$1 in incentive - a total of \$1.2 billion in energy upgrades in the commercial and industrial sectors alone, helping Michigan businesses maintain their competitive position in global markets.
- **Highly cost-effective.** The EO program generated savings of \$3.75 for every dollar spent in 2013. These figures reflect real investment - and show there is much left to do to maximize the economic benefits of Michigan's EO standard.
- **Critical to addressing capacity shortfalls.** As Consumers Energy noted in a recent filing with the Michigan Public Service Commission, "[w]hile peak demand reductions are not

the primary focus of [energy efficiency] programs, the act of reducing consumption at all times results in significant peak reductions." At one-fifth the retail cost of electricity in Michigan, energy efficiency represents the single most cost-effective way to address the capacity issues facing the state.

- **Broad-based public support.** A poll commissioned by the Michigan Conservative Energy Forum found that 84 percent of Michigan ratepayers - including 74 percent of Republicans and 66 percent of self-identified Tea Party voters - support policies to increase the energy efficiency of Michigan homes and businesses. Similarly, a poll from the National Association of Manufacturers found that 90 percent of Americans support energy efficiency as a key part of our nation's energy policy, including 74 percent who support investing taxpayers' dollars on energy efficiency technologies, innovations and programs if it would save consumers more money.

As employers and trade associations, we are keenly aware of the importance of reasonable energy costs as a key input in decisions regarding investment, job creation, and ultimately whether to remain in Michigan. Eliminating Michigan's successful EO program would cost jobs, increase energy costs for businesses, and make Michigan a less attractive place to invest and do business. For this reason, and because so many Michigan businesses have directly benefited from the programs currently in place and many more will benefit by maintaining the standard, we strongly oppose any effort to eliminate the current EO standard, and look forward to working with you to craft an energy policy that keeps Michigan businesses competitive.

Sincerely,

6 Insulation Services, Clay Donnel
Advanced Energy Group, Jim Moran
AEM Solar, Jason Riebel
Ameresco, Diane Mills
Behler-Young, Doug Young
Better World Builders, Mark Lee
Billy Electric, Inc., Steve Leadman
Blanket Insulation, Kevin Bailey
Blue Terra Energy, LLC, David Camps
Cadmus Group, Jill Steiner
Cappy Heating & Air Conditioning, Inc., Jeffrey Caplan
Cherry Republic, Bob Sutherland
Comfort First Heating & Cooling, Brad Mann
Community Green Energy, Fritz Kreiss
Crystal Mountain Resort, Jim MacInnes
Development Solutions, Walter Dindoffer
E3Inc, Brian Johnson
Ecojiva, Sridhar Ayer
Ecotelligent Homes, Amanda Godward

EcoWorks, Jacob Corvidae
Energy Alliance Group, Scott Ringlein and Curt Monhart
Energy Saving Services, Brad Bartholomew
Energy Sciences, Shelley Sullivan
Environment Security Management, JT March
Epstein Legal Services, PLLC, Melissa Epstein
Falling Waters, LLC, David Snyder
First Fuel, Austin Whitman
Four Elements, Art Toy
Franklin Energy, Paul Schueller
Franklin Energy of Michigan, Fred Dreher
Gardner-White, Rachel and Steve Tronstein
GeoSmart Systems, LLC, Duane and Karen Watson
Great Lakes Renewable Energy Association
Green Home Energy, Mark Pytiak
Greenman Studio, Peter Sinclair
Greensleeves, LLC, Stephen Hamstra
Growth Capital Network, Lauren Bigelow
Hennesey Mathes Storage Solutions, Mike Hennesey
Homeland Solar, John Freeman
ICF International, Greg Mott
ISMOTION, Ian D. Tran
Jackpine Savage Guide Service, Charlie Weaver
Keen Technical Solutions, Tim Pulliam
Kimberly Lighting, LLC, Doug Jenkins
Leelanau Community Energy, LLC, Douglas McInnis
Levin Energy Partners, Andrew Levin
Lime Energy, Alexander Castrol
Livingston Restorations, Dave Livingston
Lost Lake Farm, LLC, Carissa Savage
Mackinaw Power LLC, Richard F. VanderVeen
Masco Contractor Services, Steve Toepfner
McHugh Financial LLC, Joe McHugh
McNeely Building Group, LLC, Kevin McNeely
MEI Hotels, Homewood Suites Detroit/Troy, David Moyar
Michigan Energy Innovation Business Council
Midland Solar Applications, Michael Langenburg
Midwest Energy Efficiency Alliance
Midwest Energy Group, Brian Pageau
Navigant, Randy Gunn
Newman Consulting Group, Jim Newman
Nordman Sustainability Solutions, LLC, Erik Nordman
Optimized Building Solutions, Douglas Elbinger

Opower, Matt O'Keefe
Option Energy, Tom Sheren
Parker-Artzn Heating and Cooling, Chad Jones
Practical Energy Management, Linda Rasor
Pure Eco, Ryan Oswald
R.A. Bedzyk Consulting LLC, Robert Bedzyk
Real Estate One Associates, William McMullin
Riverbend Equine Services, Tania Evans
Small Business Majority, Trent Varva
SmartWATT, Art Olson
Solar King, LLC, Don King
Solar Winds Power Systems, Mike Linsea
Sound Comfort Insulation, Dale Neville
Spider9, Bill Beckman
SunSteer, Steve Miles
The Green Panel, Inc., Adam Harris
The Oscar W. Larson Company, Adam Larson
TM3 Systems, Nate Lowery
TMI Compressed Air System, Inc., Charlie Sterken
United Technologies
USGBC-Detroit Regional Chapter
Vantaura Energy Services, Bryan Houck
VerWys Home Improvement, Doug VanderMeer
Viking Sun Funds, Jon Pedersen
Walker-Miller Energy Services, Carla Walker-Miller

cc: Michigan Governor Rick Snyder
Commissioner John Quackenbush, Chair, Michigan Public Service Commission
Commissioner Sally Talberg, Michigan Public Service Commission
Commissioner Greg White, Michigan Public Service Commission